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Factors Affecting

U.S. FRUIT MARKETS IN JAPAN

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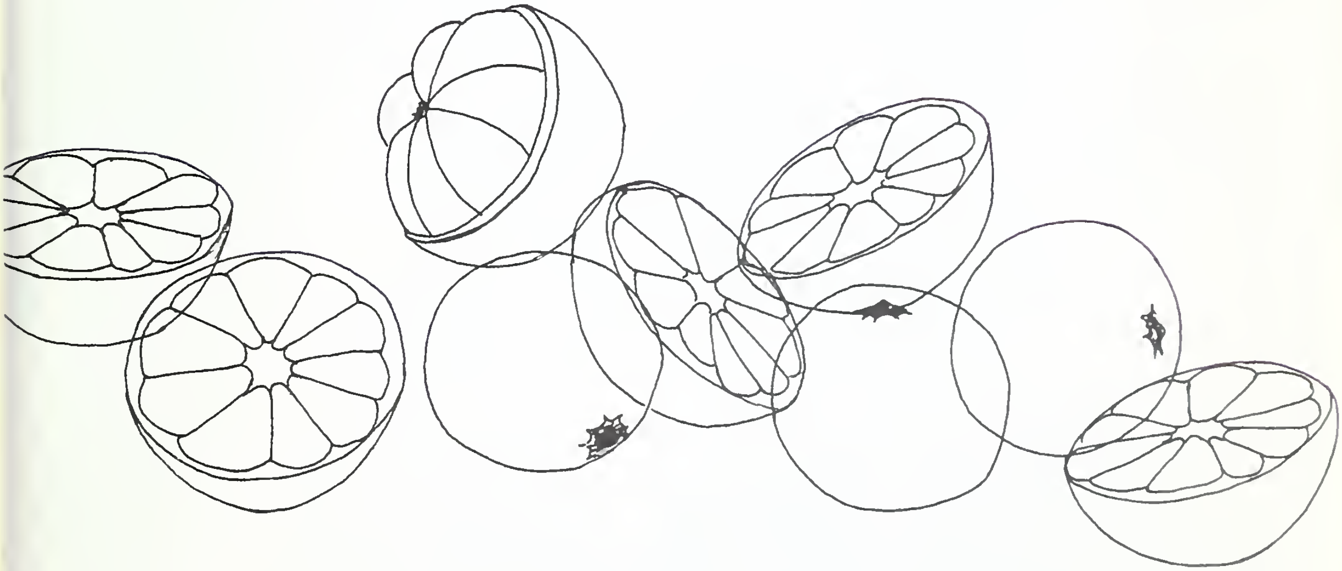

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Contents

Page

Agriculture in the Japanese economy ---------- 3

Recent agricultural developments ------------- 5

Fresh fruit:
  Acreage and production ------------------ 5
  U.S. fruit ----------------------------- 7
    Citrus ------------------------------- 8
    Fresh pineapple ---------------------- 8
  Marketing ----------------------------- 9

Canned fruit ------------------------------ 9
  Domestic sales and exports --------------- 11
  Imports -------------------------------- 13

Cooperatives ----------------------------- 14

Import and exchange control system ----------- 15
  Approval methods and control groups ------- 15
  Government agencies controlling imports ----- 17

Japanese trading companies ----------------- 18

Long-range outlook ------------------------- 18

Appendix --------------------------------- 19

Factors Affecting
U.S. FRUIT MARKET in JAPAN

Newly planted Satsuma orange groves, Ehima of Shikoku, reflect growth of Japan's fruit industry. United States is major market for canned Satsumas.

BY ROBERT S. FITZSIMMONDS
Fruit and Vegetable Division

Japan is the second largest export market in the world for U.S. goods. The largest for U.S. agricultural exports, and for U. S. fruit and vegetable products, it is rapidly becoming one of the most important offshore markets. Between 1960 and 1962, U.S. exports of horticultural products to all markets increased over $35 million. Of this increase, sales to Japan accounted for 20 percent or over $7 million.

Japan has the most rapidly growing economy in the world and is the only Asian country which has actually developed a modern economy. Gross National Product, below $15 billion in 1950, had risen by 1961 to $41 billion, and further exceptional gains are projected for the future.

In general, this kind of national economic growth means a rise in living standards with improved diet including more fruits and vegetables. Japan has, however, been handicapped in producing fruits domestically. Fruit holdings average about 0.3 acre, with many on hillsides. As a result, economic use of the land and the application of modern technology are very difficult. Agricultural costs are high including those for labor. Workers have tended to leave the farm for higher paid industrial employment. Proposed land reforms, which would lead to improvements, may take some years to become effective.

High production costs for fresh fruit are carried over to the canned product, and competitive sources for both types, like the United States, find it possible to sell on the Japanese market at prices comparable to those of the domestic product. However, Japanese fruit interests are working to restrict imports through quotas and other protective government measures. Nevertheless, U.S. prospects for an expanded fruit market in Japan are good. This outlook is tempered somewhat by the persistence of import controls. U.S. fruit growers and shippers may face increasing competition in some export markets from canned fruit for which the Japanese industry is now actively seeking outlets.

The United States is a market for certain Japanese canned fruit not produced in quantity in the United States. For example, the United States took about one-third of Japan's exports of canned Mandarin (Satsuma) oranges in 1962.

Agriculture in the Japanese economy

The industrial sector of the Japanese economy is healthier than the agricultural, and is making important contributions to the country's economic growth. This disparity is evidenced by a comparison of the trends in agricultural income with national income.

Between 1948—when the yen was devalued—and 1956, total agricultural income (in terms of value of farm products) increased approximately 130 percent—¥655 billion or approximately $1.8 billion. While this is a dramatic increase—taking place at the rate of 16 percent per year over the period—agricultural income, expressed as a percentage of National Income, actually fell more than 10 percentage points, from 25.7 to 15.6 percent. It is thus apparent that the productivity of agriculture is lower than that of other sectors of the economy.

Since 1955, however, agriculture's average annual rate of growth has increased to almost 4 percent, and it too has contributed to the economic growth of the country. By contrast, however, production in the mining and manufacturing industries had an average annual growth rate of 15 percent between 1951 and 1961, while in the latter part of this period, the rate was as high as 22 percent. At the close of the war, agricultural

Table 1.—Economic growth indicators, selected years 1935-61 and projected 1970[1]

Item and Unit[2]	1935	1950	1955	1960	1961	1970[1]
	Bil dol.	*Bil dol.*	*Bil dol.*	*Bil dol.*	*Bil dol.*	*Bil dol.*
Gross National Product	15.1	14.7	22.7	35.7	41.1	70.8
National income	13.0	12.7	18.6	30.7	32.7	58.1
Gross domestic investment	2.8	3.6	6.0	13.8	17.7	22.0
Government purchases	2.4	1.6	2.5	3.1	3.5	6.5
	Dollars	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*
GNP per capita	219	177	255	382	436	693
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Personal savings (as percent of disposable personal income)	17.7	4.7	13.6	20.0	n.a.	15.6
Gross investment (as percent of GNP)	18.7	24.7	26.2	38.7	43.1	31.0

[1] Predictions for 1970 from "New Long-Range Economic Plan of Japan," Japanese Economic Planning Agency, as reported by the Japan Committee for Economic Development.

[2] All money values based on 1955 prices.

income was a considerable share of the national income, at times as much as 30 percent, compared with 16.6 percent before the war. This gain was caused primarily by the fact that agriculture experienced very little war damage contrasted with that suffered by industry. The proportion started declining immediately after the war, as the industrial economy recovered and developed, so that by 1953 agricultural income's share was down to prewar level. By this time, the demand for agricultural products, particularly starchy foods, had leveled off, and while consumer income continued to increase, a larger share was being spent for nonfood items.

At the same time, as would be expected, employment in agriculture decreased. As Japan's industrial sector developed, it drew workers away from agriculture, forcing agricultural proprietors to pay ever-increasing wage scales to compete with industry. Thus, industrial development is contributing to Japan's increasing farm production costs.

On the other hand, industrial development is stimulating growth of the domestic market for the products of agriculture, as well as making it more selective. As industrial workers improve their living standards, their demand for foods such as fruit increases at the expense of the more common staples such as rice. Not only are workers better able to buy foods such as fruit, because of increased wages, but in terms of the amount of work required to purchase these items they are in a significantly better position.

Average hourly wages in industry increased from ¥25.60 in 1954 to ¥38.30 in 1961. No historical price

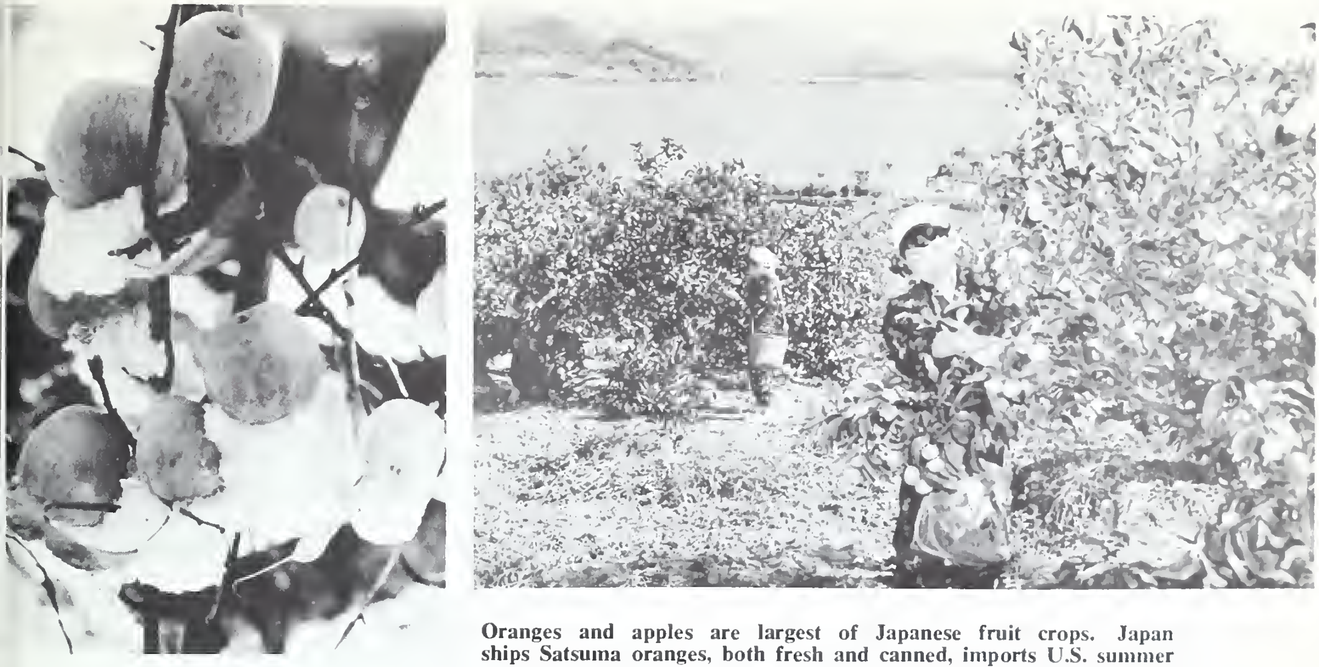
Table 2.—Position of agriculture in the national economy, prewar and 1951-62

	Index of production (1951=100)					
Year	*Agric.*	*Mfg.*	National income	Agricultural income	Percent Agriculture of national	Percent of total employment in agriculture
			Bil dol.	*Bil dol.*	*Percent*	*Percent*
Prewar	—	—	13.0	2.2	16.6	44.4
1951	100.0	100.0	12.7	2.5	19.9	42.4
1956	120.4	195.7	21.1	3.0	14.4	39.6
1957	125.2	232.0	23.1	3.2	13.7	37.6
1958	130.5	233.0	23.6	3.2	13.5	36.0
1959	133.9	293.5	27.8	3.4	12.1	35.2
1960	136.7	374.5	33.1	3.6	10.9	33.6
1961	138.1	459.7	39.2	3.9	9.9	31.3
1962	—	—	—	—	—	28.8

Table 3.—Comparison of per capita national income and expenditures, Japan 1951-61

Year	National income	Consumer expenditures			
		For general consumption		For food	
	$U.S. equiv.	$U.S. equiv.	Percent of National income	$U.S. equiv.	Percent of General consumption
1951	125.70	83.85	66.7	50.19	59.9
1952	141.25	102.20	72.4	58.18	56.9
1953	159.67	120.88	75.7	67.00	55.4
1954	167.30	131.68	78.7	72.55	55.1
1955	186.65	142.19	76.2	75.10	52.8
1956	211.89	152.84	72.1	80.54	52.7
1957	230.18	166.13	72.2	84.92	51.1
1958	236.65	174.85	74.8	88.32	50.5
1959	278.83	191.04	68.5	92.36	48.3
1960	330.68	213.74	64.6	99.38	46.5
1961	392.19	247.80	63.2	111.43	45.0

Sources: Compiled from statistics of the Ministry of International Trade and Industry, the Ministry of Agriculture and Forestry, and the Economic Planning Agency.



Oranges and apples are largest of Japanese fruit crops. Japan ships Satsuma oranges, both fresh and canned, imports U.S. summer oranges. Left, snow on apples produced in Hokkaido, northernmost island. Right, harvesting oranges in Kumamoto Prefecture.

series is available for this entire period but based on prices prevailing on the Tokyo retail market in the winter and spring of 1963-64, workers' ability to purchase was considerably improved. In 1954, it took the proceeds of 2.4 hours of work to purchase one No. 2½ can of U.S. peaches and 2.3 hours of labor for one No. 2 can of Japanese peaches. By 1961, only 1.6 hours was required to purchase either can. This illustrates the Japanese workers' ability to buy as well as the competitive position of U.S. canned fruit in the Japanese market.

Recent agricultural developments

Japanese agriculture is already a very high-cost operation, and as wages and other costs continue to increase it will become even more difficult for its products to compete with imports. This situation is partly responsible for Japan's protectionist attitude toward world trade in agricultural products.

Japan can never produce sufficient food to feed its own population adequately. The total area of Japan is about 91.5 million acres—slightly less than that of the State of California . Of this, about 15 percent or 13.7 million acres is arable. On this land lives a population of more than 93 million people—about six times that of California which has 36.8 percent of its total land in farms. Thus, while California has 2.4 producing acres per person, Japan has 6.8 persons per producing acre. Obviously, the importation of food will continue to be a necessity in Japan, and demand for fruits and other "luxuries" will continue to increase as the economy grows and the standard of living rises.

A comparison of Japan's population, and land area by types, with other countries of the world indicates the degree of population concentration which is at the root of many of Japan's problems in feeding its own people. This comparison further emphasizes the Japanese need for imports of foodstuffs. For example, Japan's population, based on the 1950 census, is second per unit of land area only to the Netherlands in all the world. Per unit of cultivated land it is almost twice as dense as the second highest country in the world, Switzerland.

The country must import about 20 percent of its total food and beverage needs. Even with trade in certain items severely restricted, foods and beverages make up 20 percent of Japan's total imports. Despite the need, the government continues to restrict imports of almost all products except essentials to "protect domestic producers." There has now been some softening of this attitude, as evidenced by the recent liberalization of lemons. The possibility that further relaxations will occur is now much brighter than it has been at any time in recent years.

Fresh fruit

Acreage and production

Rising Japanese demand for fruit is reflected in recent rapid increases both in planted acreage and in fruit production. Of total acreage, nonbearing has been advancing at a much more rapid rate than bearing, with new young orchards likely to give a strong lift to production in the near future. For instance, for Bartlett pears, Satsuma oranges, summer oranges and grapes, nonbearing acreage has grown two to three times between 1958 and 1963.

Even more striking are long-term projections by the Japanese Ministry of Agriculture and Forestry (MAF) for 1966 and 1971. These projections, which do not differentiate between bearing and nonbearing, anticipate the approximate tripling in grape and Satsuma orange acreage, and doubling in peach and summer orange acreage by 1971 over stated 1958 totals.

Fruit production data have similarly shown a sharp increase, 1958-63, with a further considerable rise through 1971 anticipated in MAF projections based on past acreage increases.

Fruit production in Japan has in the past been concentrated in certain regions where it is better adapted, or where there exists best access to markets. Fruit by its nature is best suited to such locations since its production requires specialized knowledge, and its perishability necessitates easy and rapid movement to market.

There are 5 prefectures with over 20,000 commercial fruit farms, Aomori and Nagano—whose main crop is apples—and Ehima, Shizuoka and Wakayama, concentrating on Mandarin oranges. Grape, peach and pear production is centered chiefly in the prefectures of Fukushima, Yamanashi, Okayama, and Tottori.

In Aomori Province commercial apple producing farms average 3.8 tan (0.9 acre) which is large by Japanese standards, and more than 30 percent of all farms in the prefecture are engaged in apple production. However, the importance of the area in the national picture is declining. New plantings are not being made, and many of the existing trees are old.

Table 4.—Area planted to fruit, bearing and nonbearing by fruit, 1958-63, and long-term forecast 1966 and 1971

Year	Bearing	Nonbearing	Total	Bearing	Nonbearing	Total	Bearing	Nonbearing	Total
		Apples			*Pears, Japanese Type*			*Pears, Bartlett*	
	1,000 acres	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 acre*
1958	117.2	24.0	141.2	31.2	8.7	39.9	[1]	[1]	[1]
1959	119.3	29.7	149.0	31.4	8.6	40.0	1.6	0.7	2.3
1960	122.3	30.6	152.9	33.3	8.9	42.2	1.7	1.1	2.8
1961	126.5	30.4	156.9	35.3	9.6	44.9	2.0	1.5	3.5
1962	130.2	29.9	160.1	36.6	10.1	46.7	2.1	2.0	4.1
1963	132.9	28.4	161.3	38.0	8.9	46.9	2.2	2.3	4.5
1966[2]	—	—	178.0	—	—	54.0	—	—	3.6
1971[2]	—	—	198.0	—	—	64.0	—	—	4.5
		Peaches			*Grapes*			*Satsuma Oranges*	
	1,000 acres	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 acre*
1958	32.3	9.6	41.9	23.6	5.8	29.4	96.9	25.2	122.1
1959	34.5	10.1	44.6	26.2	7.6	33.8	103.8	34.1	137.9
1960	37.3	10.1	47.4	28.4	9.1	37.5	109.2	46.5	155.7
1961	38.5	11.1	49.6	31.6	11.6	43.2	116.4	61.0	177.4
1962	39.8	11.1	50.9	35.1	12.8	47.9	124.3	73.1	197.4
1963	40.3	10.9	51.2	38.5	13.1	51.6	132.2	85.2	217.4
1966[2]	—	—	72.0	—	—	59.0	—	—	255.0
1971[2]	—	—	89.0	—	—	76.0	—	—	336.0
		Summer Oranges			*Navel Oranges*				
	1,000 acres	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 acres*			
1958	16.7	3.8	20.5	1.5	.15	1.6			
1959	17.4	4.5	21.9	1.4	.15	1.6			
1960	18.6	6.3	24.9	1.4	.22	1.6			
1961	20.1	8.2	28.3	1.6	.20	1.8			
1962	21.0	9.5	30.5	1.6	.17	1.8			
1963									
1966[2]	—	—	34.0	—	—	—			
1971[2]	—	—	43.0	—	—	—			

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[1] Not separated as to types before 1959. Japan also produces lemons, but acreage data for them are not available.

[2] Long-term projections of Japanese Ministry of Agriculture, Food, and Fisheries.

Table 5.—Fruit production, by variety, 1958-63,[1] forecast 1966 and 1971

Year	Apples	Pears		Peaches	Grapes	Oranges		
		Japanese	Bartlett			Satsuma	Summer	Navel
	1,000 Bxs.[2]	*1,000 Bxs.*[2]	*1,000 Bxs.*[2]	*1,000 short tons*	*1,000 short tons*	*1,000 Bxs.*[3]	*1,000 Bxs.*[3]	*1,000 Bxs.*[3]
ctual:								
1958	40,350	9,615	[1]	153	122	23,495	3,896	189
1959	41,830	10,290	461	171	130	24,121	3,978	206
1960	43,805	11,990	510	187	170	28,143	5,322	255
1961	47,770	14,065	675	222	192	27,576	5,470	314
1962	50,000	15,630	585	210	214	28,290	5,540	270
1963	57,000	15,450	650	219	188	28,030	4,186	n.a.
orecast:[4]								
1966	57,000	18.150	1,100	330	280	38,400	7,200	n.a.
1971	72,500	25,000	1,800	470	460	59,000	11,500	n.a.

Not separated by type before 1959.
44 lb. boxes .
70 lb boxes ·
Long-term forecast, made May, 1962, by Japanese Ministry of Agriculture, Food, and Fisheries.

Nagano Prefecture, by contrast, is increasing its production and trade forecasts are for an upward trend in the rate of increase. The Prefecture has many immature orchards which will soon be coming into bearing, although the average size of farms is much less than that in Aomori. Nagano has a special advantage in being located closer to the main population centers, so that fruit is marketed much more easily and quality maintenance through marketing channels is facilitated.

Production of Mandarin oranges is concentrated in the western parts of Japan, south of Kanagawa. This area of Japan is marked by a relatively warm climate. Rising demand has caused an upward trend in production in recent years with both increased plantings, and new areas coming into the picture. Thus Ehima prefecture—which has many of the new areas—is constantly becoming more important, while the older areas of Shizuoka, Wakayama, and Kanagawa are decreasing in importance.

In the principal fruit growing areas, mechanization is making progress in cooperative handling of fruit sorting and packing. Also, speed sprayers and other production machinery are being introduced with some success. Stationary piping for irrigation and spraying is being widely adopted. Throughout the areas, practices are gradually changing from the old to the new and improved methods. For example, covering of fruit with protective paper bags is being replaced by spraying.

However, all these innovations are coming in very slowly and gradually. Adoption of mechanization is held back by farmers' inherent resistance to change as in many other countries. But, in Japan the small size of most fruit holdings (the average fruit farm is about 0.3 acre) and the fact that many plants are on terraced hillsides are real deterrents to innovation. Pears are the only fruit crop with a significant percentage of the trees planted on level ground, so this is the first fruit to gain from adoption of newer methods. However, even here the small farm size holds back improvements.

U.S. Fruit

Potential markets for U.S. fruit in Japan are excellent, but in general they have been held back by import restrictions of various kinds.

Spraying Satsuma oranges by helicopter in Shikoku: one modern innovation currently applicable to the raising of Japanese fruit, in spite of problems of orchard size and terrain that hinder improvements.

Citrus.—Lemons have the best outlook trade of all fresh fruit. Recently liberalized, trade will now be able to increase to meet demand. Prices also should be materially lower on the Japanese market, which will increase demand. Japanese importers, who have been buying about $1 million worth annually, are predicting that within 5 to 6 years trade will increase to about $5 million dollars worth per year.

Grapefruit is still considered in the luxury or gift category. Volume handled is very small and the fruit is sold mostly in gift baskets or through Western-style hotels. Thus, grapefruit moves at high retail prices, selling at a competitive disadvantage with Japanese summer oranges. For example, a distributor in Tokyo worked out the following relative position: If grapefruit at $5.00 to $6.00 per carton c.i.f., it is about 14 cents per lb., adding import duty gives a price of about 16 cents, which when increased by wholesale and retail margins results in a retail price of about 22 cents to 23 cents per pound. The indigenous summer orange, directly competitive, has an average retail price of about 6 cents per pound.

Fresh Pineapple.—Fresh pineapple is rapidly becoming an important item in the import picture in Japan. Since the fresh commodity is liberalized and canned restricted, many importers are turning to fresh. This trade will undoubtedly continue to grow in the luxury category. The rate of increase in sales will be dependent on the tendency to decrease prices as more fruit becomes available. Current prices are too high to maintain the present growth rate very long.

Hawaii now supplies about 40 percent to 45 percent of the Japanese demand and is expected to maintain control of about this share as market volume increases. Market situation is illustrated by price quotations in Tokyo in mid-August, 1963, with Hawaiian offered at $4.80 c.i.f. for a carton of 8-15's (about 45 lb.). Formosan prices were all about 10 percent below Hawaiian, but very few sales were being made. Malayan cartons of 8's to 15's were being offered at $4.00 c.i.f. The price was attractive but the quality was reported very poor. Okinawan quality is generally too poor to ship fresh, all supplies are canned there.

Importers were selling Hawaiian pineapple to wholesalers at ¥2,600 ($7.20), and wholesalers charged retailers ¥3,000 (8.33) per carton. Thus, as fruit varied from 8's to 15's, the cost to the retailer varied from $0.55 to $1.04 apiece.

On the retail market, fruit was priced from ¥400 to ¥800 apiece, depending on size of fruit and the type of shop offering it. At retail, this is a price range from $1.10 to $2.25 apiece for pineapple, compared with

All fruit sold on the central markets of Japan is auctioned by agents of the producer groups. Each wholesale firm operates its own auction; several may be in operation simultaneously, as in this scene on the Tokyo Kanda market.

Table 6.—Fresh fruit exports, by destination, 1959-62

Item	Burma	Canada	China, Republic	Hong Kong	Philippines	Ryukyus	Singapore and Malaya	Viet-Nam	United Kingdom	United States (Alaska)	Other	Total
Apples (1,000 44-lb. boxes):												
1959	2.2	—	17.6	145.5	91.3	95.1	43.1	60.4	—	—	2.1	457.3
1960	2.0	—	83.3	209.3	243.4	95.8	63.5	34.9	—	—	20.3	752.5
1961	2.4	—	31.5	248.1	221.7	98.8	100.1	40.2	—	—	1.4	744.2
1962	.9	—	15.4	196.4	205.6	95.4	79.3	18.5	—	—	4.7	616.2
Pears (1,000 44-lb. boxes):												
1959	—	—	5.7	121.8	6.9	13.0	143.7	32.5	—	—	.1	323.7
1960	—	—	6.9	115.7	10.8	17.0	160.8	23.4	—	—	.2	334.8
1961	—	—	9.8	152.2	12.8	17.7	170.6	24.4	—	—	1.5	389.0
1962	—	—	7.5	180.1	12.1	23.0	125.3	11.6	—	—	1.0	360.6
Grapes (1,000 short tons):												
1959	—	—	—	—	—	34.2	—	—	—	—	—	34.2
1960	—	—	—	—	—	28.7	—	—	—	—	—	28.7
1961	—	—	—	—	—	34.2	—	—	—	—	1.1	35.3
1962	—	—	—	—	—	41.9	—	—	—	—	—	41.9
Oranges, Satsuma (1,000 70-lb. boxes):												
1959	—	389.1	—	6.0	—	101.4	—	—	—	2.2	.1	498.8
1960	—	435.3	—	8.7	—	115.1	—	—	1.5	2.2	—	562.8
1961	—	426.1	—	5.4	—	107.2	—	—	4.1	3.3	.4	546.5
1962	—	322.5	—	—	—	97.8	—	—	.5	2.9	2.0	425.7

the c.i.f. price of 30 to 60 cents. The effect of price is readily apparent and it is also obvious that the very high prevailing price level will be the major factor in restricting the growth of import trade in this fruit. More realistic profit margins at all levels of distribution would materially contribute to increased sales, thus probably increasing actual profit to all concerned, and would aid continuation of the present upward trend in trade.

Marketing

Fresh fruit marketed in Japan moves through a unique system of cooperatives and private wholesaling firms, mostly on consignment and under contractural arrangements.

There are 22 individual central markets scattered over Japan. These markets receive fruit from producing areas and assemble it for distribution to the local market. They also forward fruit to large population centers such as Tokyo and Osaka.

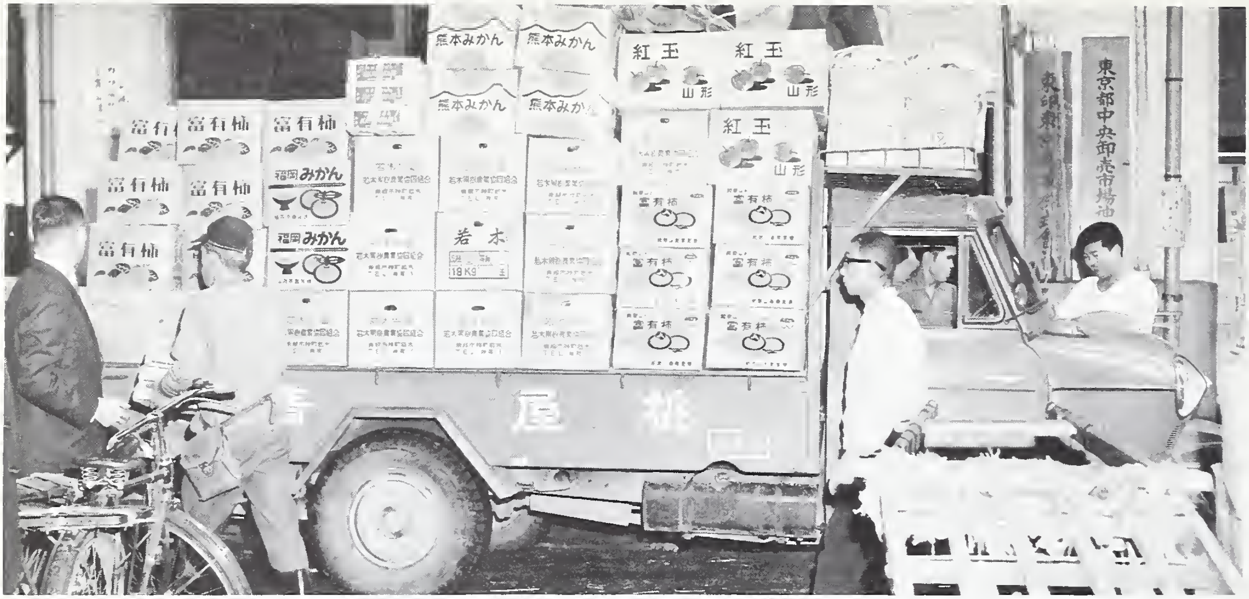
Many of the firms performing this service are cooperatives whose suppliers are local cooperatives of producers. These local cooperatives are members of the central one which, in turn, is a member of a district cooperative and then of the national cooperative. Fruit is shipped by these co-ops to firms on the wholesale markets in large population centers which have contracted to act as agents of the cooperative and receive the fruit on consignment. Fruit may also be shipped to firms on smaller central markets which, in turn, sell it locally or forward it to firms in large population centers.

The agent firm then sells through its own auction or direct to wholesalers, jobbers, street vendors, or retailers. The commission received is controlled by the local city government, for example, in Tokyo it is now set at about 7 percent. There is no service wholesaling as such. On the Tokyo market, there are about 300 firms engaged in small-lot jobbing. These companies buy on the various auctions in the early morning and move the goods to their own stalls. Retailers then visit the market later in the day and purchase from these jobbers. At each stage, it is generally the responsibility of the buyer to arrange for movement of the produce to his own establishment.

Canned fruit

U.S. canned fruit will continue to find a market in Japan, in most cases a growing one. Japanese canners also believe that their own domestic sales will improve in concert with the general improvement. This belief is supported by the relative price and supply situation on the Japanese market. They state that with the domestic production limitations their market will need an increasing supply from imports.

Major fruits canned, and the styles of pack processed



Japanese wholesale markets are an interesting mixture of old-style jumble handling of ungraded produce and the newer methods of grading and packing. It will take many years before the latter has completely overcome the former. Above, a load of apples in modern packaging arrives at the Kanda Central Market. Left, grapes at the Kanda Central Market auction, most of the larger varieties packaged in small wooden crates such as this (with apples shown for comparison of grape size and crate size). Below, wholesalers purchase fruit at the auction and distribute it to local retailers.

Table 7.—Fruit utilization, 1960-62

Commodity and year	Fresh	Canned	Frozen	Juice	Jam	Wine
	Percent of total crop	*Percent of total crop*	*Percent of total crop*	*Percent of total crop*	*Percent of total crop*	*Percent of total crop*
Apples:						
1960	89.0	6.0	—	1.0	4.0	—
1961	94.0	1.0	—	.3	4.7	—
1962	95.3	.8	—	.3	3.6	—
Pears, Japanese:						
1960	99.5	.5	—	—	—	—
1961	99.5	.5	—	—	—	—
1962	99.6	.4	—	—	—	—
Pears, Bartlett:						
1960	63.1	36.9	—	—	—	—
1961	66.2	33.8	—	—	—	—
1962	49.0	51.0	—	—	—	—
Peaches:						
1960	73.6	25.8	—	—	.6	—
1961	72.1	27.4	—	—	.5	—
1962 estimated	73.5	26.0	—	—	.5	—
Grapes:						
1960	85.8	.3	—	1.1	—	12.8
1961	85.7	.3	—	1.0	—	13.0
1962	88.0	—	—	1.3	—	10.7
Oranges, Satsuma:						
1961	81.4	13.4	.4	4.5	.3	—
1962	77.8	17.8	.4	3.7	.3	—
1963	78.4	17.5	.4	3.4	.3	—
Oranges, Summer:						
1960	90.1	—	—	9.9	—	—
1961	82.5	1.3	—	14.3	1.9	—
1962	85.0	.6	—	13.4	1.0	—

in Japan, are Mandarin or Satsuma oranges, peaches (halves, both white and yellow), apples (solid pack, round pineapple-style slices, baked apples and jams), pears (Bartlett halves mostly, and some indigenous pears), and summer oranges. In the past, the Japanese pack has been largely in their #4 can (approximately one-half the size of the 303), but recently the 303 is becoming more popular, particularly for peaches and pears.

One of the major problems facing Japanese canners today is the very high cost of the raw fruit, which arises from small farm size, lack of mechanization and so forth. For example, it is estimated that yellow peaches cost Japanese canners as much as 100 to 200 percent more than their counterparts in California must pay, and more often the cost is on the high side of this range. Thus, despite the freight costs and other charges paid by California canners, the U.S. product is generally competitive with the Japanese on its own market.

Japanese canneries obtain raw fruit by three major methods: (1) through contracts with producers' cooperatives, (2) through brokers, and (3) by contracted acreage. The first of these methods accounts for about 60 to 70 percent of the total fruit delivered to canneries.

Raw fruit moves to canners through these channels:

1. *Producer to broker to packer.* This method is generally used but is not dependable if the supply is short.
2. *Producer to cooperative to packer.* Employed generally on cherries, Bartlett pears, and peaches in several prefectures. Canners consider it an unfavorable method because of the competition for fruit.
3. *Producer direct to packer by contract.* This method usually involves packers subsidizing production costs. It is employed on yellow peaches and certain vegetables. Efforts to extend this method are being made.
4. *Producers' Cooperative to Central Federation of Cooperatives to packers' cooperative.* This method moves fruit under contract. It is employed chiefly on Mandarin oranges. This system is convenient for canners as it facilitates planning for the coming season operations. However, problems have occurred because of the conflict in interests of packers and producers which has frequently threatened negotiations.
5. *Packers own farm,*
   Producer, or } *to packer*
   Producers' Union

   Fruit moves from either of these three directly to packer under an agreement whereby the packer takes all the produce of the farm and frequently he will sell part of it on the fresh market. This system is employed for yellow peaches and grapes for wine.

Standards for fresh fruit have been established by growers' and packers' associations, and canners buy on these grades. The Ministry of Agriculture and Forestry may make these standards official in 2 or 3 years.

Domestic sales and exports

Currently, Japanese canners sell about 50 percent of their production on the domestic market and export about 50 percent. Exports of canned Mandarin oranges go chiefly to the United States, the United Kingdom, Canada, and West Germany; canned peaches to the Arab countries, the United States, the United Kingdom,

Table 8.—Production of Canned Fruit, Juice, and Pulp

Commodity	Packed in Consumer Sizes 1959	1960	1961	Packed in 5-gallon Cans 1959	1960	1961[1]
	1,000 cases[2]	1,000 cases[2]	1,000 cases[2]	1,000 48-lb. cases	1,000 48-lb. cases	1,000 48-lb. cases
Fruit:						
Oranges:						
Mandarin	6,347.6	7,900.2	4,494.6	119.7	122.2	91.0
Summer	54.7	70.3	52.9	—	6.9	50.8
Peaches:						
White	1,250.8	1,548.2	1,663.4	44.8	55.8	65.4
Yellow	91.7	169.7	394.6	30.6	21.8	47.8
Pears:						
Bartlett	178.6	223.4	221.7	14.6	19.3	12.7
Indigenous	24.7	46.7	53.3	1.0	15.8	11.7
Apples:						
Sliced, regular	18.7	75.3	109.8	38.1	41.5	48.1
Sliced, pineapple style	92.3	199.7	206.6	1.1	—	—
Solid pack	92.2	130.5	132.1	—	—	—
Baked	4.3	6.7	8.4	—	—	—
Cherries:						
Regular in syrup	91.6	120.5	189.6	4.6	7.2	5.6
Maraschino	3.7	—	—	—	—	1.2
Other styles	1.4	3.8	.4	—	—	—
Figs	13.6	45.2	45.3	—	—	—
Apricots	1.8	23.4	24.3	—	—	.2
Grapes	6.7	17.6	21.1	—	—	—
Mixed fruit	489.3	886.5	1,107.1	—	—	—
Strawberries	—	—	—	—	7.3	7.7
Pineapple (Originally imported)	24.7	123.3	125.9	—	—	.2
Juices:						
Oranges:						
Mandarin	1,459.5	2,892.7	1,346.9	44.2	41.2	—
Summer	—	—	—	2.1	10.6	—
Peach	—	—	39.4	—	—	—
Apple	187.0	242.8	68.5	247.0	358.0	—
Grape	45.0	112.5	99.6	1.0	1.6	—
Mixed fruit	54.3	3.3	—	—	—	—
Pineapple	126.2	398.0	300.9	—	—	—
Pulp:						
Oranges:						
Mandarin	5.8	10.3	7.4	50.8	59.2	33.3
Summer	—	—	—	19.3	21.3	.7
Peach	1.4	4.2	—	8.2	37.4	37.3
Pear	—	—	—	.5	.6	1.2
Apple	—	—	—	929.4	1,060.5	1,066.2
Fig	—	—	—	11.0	13.4	2.2
Apricot	—	—	—	—	19.3	22.1
Strawberry	—	142.3	145.9	—	—	—
Pineapple	—	—	—	—	2.3	1.2

[1] Incomplete as some commodities include only part of year.

[2] Reported in "Standard Cases' which are: 48/5's (33 lbs. net) for oranges, 36/3's (44.8 lbs. net) for pineapple, and 48/4's (44.9 lbs. net) for all other fruit.

Netherlands, and Switzerland; canned apples to Canada and the United Kingdom; pears to Ireland, the United Kingdom, West Germany, and the Netherlands; and fruit salad to West Germany and the United Kingdom.

The industry is concentrating its efforts on increasing exports as production grows and the government is assisting canners in these activities. If they are successful, it is conceivable that canners will experience more increased Japanese competition in other world markets (for canned peaches particularly) than they will in

Table 9.—Canned Satsuma[1] oranges: Japanese exports by destination, 1959-62

Destination	1959	1960	1961	1962
	1,000 cases[2]	1,000 cases[2]	1,000 cases[2]	1,000 cases[2]
Canada	98.4	125.2	133.3	89.5
Germany, West	233.8	359.6	396.1	459.7
Netherlands	80.8	122.7	140.0	146.2
Sweden	64.6	65.0	58.1	50.5
United Kingdom	1,889.3	2,079.5	2,005.5	1,646.1
United States	739.9	1,011.4	1,377.0	1,371.5
Others	90.0	110.4	109.7	88.5
Total	3,196.8	3,873.8	4,219.7	3,852.0

[1] Satsuma or Mandarin oranges.

[2] Basis 48/5's (33 lbs net).

Japan itself. The Japanese believe that their prospects for increasing exports are excellent in all their current markets except the Arab countries and the U.S.

Currently, the Ministry enforces its own established official grades on canned fruit for export. Government aid to canners is reported to be negligible, except in fostering measures designed to encourage exports.

Imports

Canned pineapple is the one canned fruit under a specific quota. This is a global quota and is designed to protect the industry of the Ryukyuan Islands whose products enter Japan ex-quota and duty-free.

The Japanese Government is commited to a gradual year-by-year expansion of this quota, and importers expect the government to fulfill this commitment. Currecently the quota is completely filled and will continue so throughout the initial period of expansion as it allows importation of a maximum supply which is insufficient to meet domestic demand. United States canned pineapple is preferred over competitive products and will continue to take the major part of Japanese business.

The fact that the Ryukyuan product is free of duty is not as serious a problem as it would initially appear. The cost of production is very high in the Ryukyuan Islands and thus the retail prices of the finished product on the Japanese market are very little lower than those of the U.S. fruit.

Table 10.—Canned peaches: Japanese exports by destination, 1959-62

Destination	1959	1960	1961	1962		
				White	Yellow	Total[1]
	1,000 cases[2]	*1,000 cases*[2]	*1,000 cases*[2]	*1,000 cases*[2]	*1,000 cases*[2]	*1,000 cases*[2]
Aden	11.7	9.9	15.3	0.1	19.7	19.8
Behrein Island	14.6	3.1	11.3	1.7	2.9	4.6
Belgium	10.9	24.6	13.3	6.0	13.1	19.1
Denmark	—	10.7	8.0	5.7	5.4	11.1
Eire	.6	1.2	6.3	1.4	4.0	5.4
Ethiopia	1.8	1.0	2.4	.5	2.2	2.7
Germany	24.2	11.8	19.1	23.0	7.0	30.0
Hong Kong	—	.4	.7	1.3	.3	1.6
Netherlands	26.4	19.6	28.7	26.5	2.8	29.3
Nigeria	.8	1.7	11.4	1.9	.3	2.2
Republic of China	1.0	—	—	—	.6	.6
Ryukyu Islands	3.3	4.4	5.0	5.1	4.0	9.1
Saudi Arabia, Kuwait, Oman and Qatar	13.6	4.4	13.3	.5	6.9	7.4
Sudan	—	.2	1.5	.8	2.8	3.6
Sweden	5.4	3.0	1.6	1.5	2.5	4.0
Switzerland	4.3	5.5	3.5	1.5	1.4	2.9
United Kingdom	32.1	27.4	42.7	48.7	.4	49.1
United States	10.5	10.0	10.9	4.1	—	4.1
Viet Nam	—	—	.6	.1	.1	.2
Others	4.1	4.7	5.7	5.0	2.6	7.6
Total	165.3	143.6	192.3	135.4	79.0	214.4

[1] Breakdown by type unavailable prior to 1962.

[2] Basis 24/2½'s.

Table 11.—Canned pears: Japanese exports by destination, 1959-62

Destination	1959	1960	1961	1962
	1,000 cases [1]	*1,000 cases* [1]	*1,000 cases* [1]	*1,000 cases* [1]
Aden	5.9	10.0	10.0	14.2
Belgium	1.0	1.7	.7	.3
Denmark	—	—	—	.5
Eire	17.0	16.9	16.5	10.2
Ethiopia	.8	1.2	2.2	.3
Finland	—	—	.8	.1
Germany, West	7.1	1.8	2.9	.9
Ghana & Sudan	.3	.7	1.3	.5
Kuwait, Oman, & Qatar	1.5	1.5	2.7	.2
Nigeria	.4	1.9	1.1	1.0
Ryukyus Islands	—	1.2	.1	—
Sweden	7.4	7.1	11.4	6.8
Switzerland	.8	1.7	.5	—
United Kingdom	5.1	13.5	10.6	.3
United States	.1	.8	.6	—
Others	5.1	5.1	3.3	1.1
Total	52.5	65.1	64.5	36.5

[1] Basis 24/2½'s

Table 12.—Ocean freight rates by type of fruit and pack, U.S. West Coast ports to Yokohama, Japan

Product	Unit and Description	Rate per unit
		Dollars
Fresh fruit (refrigerated space):		
Apples	Standard box or carton not in excess of 2.1 cubic feet	2.00
	Standard box not in excess of 2.5 cu. ft.	3.05
Pears	Box not over 1.5 cubic feet	2.50
	Carton or other than standard box, per cargo ton—40 cubic feet	82.50
Grapes	Chest not in excess of 1.7 cubic feet	2.60
	(Special rate effective March 2, 1964	2.50)
	Lug	2.08
Plums	Standard 4-basket crate	2.75
Citrus	Standard box	3.95
	Bruce Box	4.36
	Half box or half-box carton	2.00
Dried fruit	Box or tins in box, per short ton	55.50
Canned fruit and juices:	Fruit and vegetable packed in original cases.	

Fruit, can size	Rate per case	Juice, can size	Rate per case
	Dollars		*Dollars*
No. 10, 6/case	1.29	No. 10, 6/case	1.29
No. 2½:		46-oz., 12/case	1.18
12/case	.86	1 qt. glass, 12/case	1.35
24/case	1.44	1 qt. tin, 12/case	.84
No. 300:		24-oz., 12/case	1.03
12 glass/case	.48	4 oz.:	
24 glass/case	.72	24/case	.28
No. 303:		48/case	.98
12/case	.53	5½-oz., 48/case	.66
24/case	.85	6 oz.:	
12 oz.:		24/case	.39
12/case	.53	48/case	.66
24/case	.75	12-oz. glass:	
No. 2, 24/case	.97	24/case	.86
No. 211:		48/case	1.31
24/case	.66	12-oz. tin, 24/case	.66
48/case	1.31	13½ oz., 48/case	1.46
Buffet:		No. 2, 24/case	.98
24/case	.46	No. 211:	
48/case	.91	24/case	.66
1 Tall:		48/case	1.31
24/case	.81	No. 303, 24/case	.84
48/case	1.69	No. 300, 48/case	1.46
Picnic, 48/case	1.05	Picnic, 48/case	1.05
		Buffet, 48/case	.90

Cooperatives

Cooperatives are rapidly becoming one of the most important factors in horticultural marketing in Japan and Japan has a network of such organizations for almost all agricultural products. Local growers' cooperatives are members of Prefectural associations, which in turn are affiliated with the National Federation of Cooperatives. Local associations are all-purpose in that they handle, pack, sell, and at times process their members' produce. They also buy and maintain inventories of the supplies their members need, and provide advice on production and farm management. Few cooperatives, either local or prefectural, specialize in fruit, and those that do are located in the heavy producing areas.

About 65 percent of the fruit traded in Japan is handled by cooperatives, compared with only 45 percent 10 years ago. This strong upward trend is considered likely to continue, particularly since at the farm level cooperatives are the most promising agent for bringing in much-needed mechanization.

The local association contracts with a distributive firm in the central market, and will ship direct to this firm on consignment. Thus, the fruit moves direct, but the covering papers and payments move through the cooperative chain in both directions.

Commission merchants in central markets are now competing actively for contracts with these local associations. Currently, in addition to the earnings on the produce (returned through the cooperative chain to the grower), it is common for the commission firm to rebate 1 percent of its fee to the local cooperative association.

Small jobbers on wholesale markets (about 300 such firms exist in Tokyo) are not heavily financed and must operate on a credit basis. These jobbers have an association which provides this credit service. When a sale is made, the association pays the commission merchant, usually remitting daily, and collects from its jobber-members on a specified deferred-payment plan.

In order to finance this credit operation, the Jobbers' Association normally retains 1 percent. Thus, the wholesaler's or commission merchant's effective operating margin is actually 5 percent, not 7 percent.

Import and exchange control system

There are many ramifications to the Japanese import control system. Some aspects are still in a state of flux from the changeover that took place this year, from a fund allocation system to a quota system. It is chiefly through an import quota system that the major control of foreign trade is now exercised.

Before April 1, 1964, all import control was based on a fund allocation system and a foreign exchange budget. However, effective as of that date, the International Monetary Fund determined that Japan no longer was eligible to claim an adverse balance of payments as a reason for controlling imports. Thus, Japan was faced with a sweeping reorganization of its control system. However, the end result of the change is not very significant to exporters.

In general, the items controlled and quantities involved did not change materially, and the main difference is in the method. While the old fund allocation system controlled the amount of funds which could be spent on imports, allowing volume imported to fluctuate as prices changed, the new quota system will control volume and allow foreign exchange to fluctuate with the price. In short, it is quite likely that the amounts of a particular commodity imported will be roughly the same as before, with control exerted volumewise instead of pricewise.

In addition, prior deposit requirements have been increased significantly. In the past, one percent prior deposit was required for raw materials and machinery and 5 percent for consumer goods before issuance of an import license. For most fruit and vegetable items, the rate is now 35 percent and the deposit must be made in cash. Also, the deposit is held a minimum of 3 months further complicating financing. The only major exceptions to this rate are dried dates (less than 20 percent moisture) and raisins, for which one percent deposit is required.

In the postwar period, in spite of rising Japanese fruit consumption which could not be matched by domestic production, Japanese import controls have tended to be consistently protectionist. Fruit has not been allowed to enter in sufficient quantities to meet demand.

U.S. fruit first reached the Japanese market under a Hotel Quota, and was used in Western-style hotels both by tourists and by Japanese, who in this way became acquainted with the product. More recently, U.S. fruit has been admitted under Miscellaneous quotas, which are not related to dietary requirements.

Official policy continues to exclude fruit from the Demand and Supply Group quotas—those based on dietary requirements of the country. Fruit, therefore, remains a luxury type food for purposes of official import classification.

Two types of control apply to any category of imports: (1) the "group" quotas already mentioned, which are concerned with essentiality of the class or commodity—as officially determined—and (2) approval methods.

Approval methods and control groups

On approval methods, as they apply to agricultural products, all imported items fall under one of the following categories:

Automatic Approval (AA)—Approval of imports is automatic and this category is tantamount to liberalization.

Automatic Import Quota System (AIQ)—Periodic import notices list the items affected by this system, and the approval of licenses to import is almost automatic for certain broad categories of goods usually for certain specific purposes.

Import Quota System (IQ)—Importers must obtain licenses as in AIQ, but applications must be for specific items included in previously announced specific import quotas.

The types of control groups are:

1. Demand and Supply Groups—These are identified with regularly announced and continuing national programs for essential items, geared to the officially announced dietary requirements of the country. Included are wheat, fats and oils, similar items.

2. Miscellaneous quotas—Regular and continuing programs are again involved, but the commodities included are not considered essentials. Size of the quota is based on considerations other than national dietary requirements. This group includes canned pineapple quotas, for example.

3. Quotas for specific uses—These quotas are identified with variable national programs which may change greatly in commodity makeup and size of quota from time to time. Subgroups include:

a. Hotel Quota—Under this quota certain specified commodities may be imported, up to specified amounts, for sale to Western-style hotels only. Included are fruit juices. Licenses issued under this quota may be used for any of the approved items in the announcement so there is no way to predict what will be imported. However, during the period of October 1962 to March 1963, imports of fruits and vegetables amounted to $106,643.

b. Miscellaneous Foreign Quota—This is another small import quota of interest to fruit and vegetable industries. This is a real "basket" quota and covers 18 diverse categories of goods, of which three are in the fruit or fruit product class: fresh fruit, including citrus; processed fruit, excluding canned pineapple; and fruit juice, soft drinks, and squashes, excluding orange and pineapple juices.

Firms that imported goods worth $4,000 or more under the old Automatic Fund Allocation during the previous year were authorized to apply for a license to import any item included in 15 of these 18 categories, including all the fruits and fruit products coming under this quota. For juices, the importer was required to have imported the identical item during the previous year. With the change from the Automatic Fund Allocation system to the Automatic Import Quota (AIQ) system, such applications will probably be related to AIQ in the future.

No indications are currently available on the size of the Miscellaneous Foreign Quota but during the most recent six month period for which data are available the total amount imported under this system was $4.5 million, thus it is obvious that no one category of goods is able to show a very large volume. During the same period, fresh fruits totaled $326,000, including $276,000 apples and $50,000 grapes. The grapes were imported chiefly from the United States and the apples from nearby Asian areas and Australasia.

On all these control measures, the Ministry of Agriculture and Forestry reports that it is considering a more liberal position and that quota limits will probably be gradually increased. That is, that from time to time, quotas will be enlarged over those announced for the previous 6-month period. This is now being considered for fresh grapefruit specifically, but is likely to be very slow in materializing to any great extent. Grapefruit is not produced in Japan, but it competes directly with Japanese summer oranges. These are fruits which look like oranges but internally are more nearly like grapefruit in flavor and acid content. The Japanese government has been promoting production of this fruit and will thus be protecting it from too severe competition by grapefruit.

The Japanese non-tariff import position for fruit and vegetable commodities of major interest to U.S. exporters follows:

Tariff number	Description	Imports liberalized	Remarks
08.01	Pineapple, avocado or mango, fresh or dried	Yes	
	Dates, fresh	Yes	Defined as over 20% moisture
	Dates, dried	No	
08.02	Lemons	Yes	
	other citrus	No	Limited amounts allowed
08.03	Figs, dried	Yes	
08.04	Grapes, fresh	No	Small amounts under the Misc. quota
	Raisins	Yes	
08.05	Tree nuts	Yes	
08.06	Pears, fresh	Yes	
	Apples, fresh	No	Small amounts, Misc. quota
08.07	Stone fruits	No	No quotas established
08.08	Berries	No	" " "
08.09	Other fruit, fresh	No	" " "
08.10	Frozen fruits without sugar	Yes	
08.12	Other fruit, dried	Yes	
20.02	Vegetables, canned tomato paste & puree	No	Special imports for fish canners & small global quota
	Others	Yes	
20.03	Frozen fruit with sugar	Yes	Except pineapple
20.06	Fruit, canned pineapple	No	Global quota from which Ryukus exempt
	Others	Yes	
20.07	Mixed vegetable juices	Yes	
	Others	No	Small fruit juice quota incl. tomato juice
33.01	Essential oils of citrus	Yes	

Import duties assessed by Japan on horticultural products imported from the United States are significantly above those the United States charges on Japanese goods, according to a study published by the United States-Japan Trade Council. U.S. duties on horticultural products imported from Japan all fall below 20 percent ad valorem. On the other hand, Japanese duties on similar products from the United States range from 10 percent to over 40 percent, and more than 31 percent of the total horticultural trade is charged duty in excess of 20 percent.

Comparing fruit and preparations specifically, which make up over 61 percent of horticultural trade, total Japanese exports enter the United States at duty levels below 5 percent ad valorem. U.S. fruits entering Japan pay varying duties as follows: dried fruit (56 percent of trade) duties ranging from 10 to 14.9 percent, preserved and prepared fruits (12 percent of trade) duties of 15 to 19.9 percent, and fresh fruits and nuts (26 percent of trade) duties of 20 to 24.9 percent.

Government agencies controlling imports

The responsibility for operation of the Japanese import control system is vested in several agencies of government, as well as designated nongovernment entities. Agencies and their respective fields of responsibility are very precisely established by cabinet-level regulations; certain agencies then delegate some responsibility to nongovernment factors.

1. *The Ministerial Council* is the policy-level control agency. It is chaired by the Prime Minister; its members are the President of the Economic Planning Board and the Ministers of Foreign Affairs, Finance, Agriculture and Forestry, International Trade and Industry, and Transportation.

All import quotas are established within the framework of the broad guide lines of the Council. Quotas are set up annually on the basis of the Japanese fiscal year which begins on April 1, but usually are announced for six-month periods.

2. *The Ministry of International Trade and Industry (MITI)* is responsible for the basic regulation of foreign trade as prescribed by the Diet and Ministerial Council. MITI also has control of invisible trade when it is directly related to visible foreign trade.

MITI issues import Notices and Import Announcements of various types spelling out the commodities and quantities thereof which may be imported.

The Ministry of Finance (MOF) also has a prime responsibility in the field of foreign trade in that it fixes and regulates foreign exchange transactions. Many of the actual operating details have been delegated by MOF to certain designated "Authorized Foreign Exchange Banks."

Basic activities include designation of basic rates of foreign exchange and commission rates, responsibility for invisible payments (except those related to foreign trade). control of exports and imports of gold, and of foreign means of payment, etc., and control of permits to invite foreign investment.

Handling of prior deposit requirements and other taxes and charges is also the responsibility of MOF. The Customs House is an agency of MOF and executes the provisions of law pertaining to customs. The Customs House also deals with certain matters delegated to it by MITI.

Banks are very closely tied into this system with delegations of authority from MOF. The Central Bank of Japan is entrusted with handling the various accounts of MOF and with problems relating to control of foreign exchange as it pertains to invisible trade. The Bank also handles post review of trade transactions for MOF and MITI and collects required reports from traders.

Authorized foreign exchange banks carry out most of the actual operations entrusted to MOF and are designated as Class A and Class B banks. Class A banks may make foreign exchange transactions with banks abroad by concluding correspondent contracts with them. Class B banks may make such arrangements only through a Class A bank.

Authorized Class A banks are:

Japanese

Bank of Tokyo, Ltd.
Daiwa Bank, Ltd.
Mitsubishi Bank, Ltd.
Fuji Bank, Ltd.
Dai-Ichi Bank, Ltd.
Bank of Kobe, Ltd.
Nippon Kangyo Bank, Ltd.
Sumitomo Bank, Ltd.
Sanwa Bank, Ltd.
Tokai Bank, Ltd.
Mitsui Bank, Ltd.
The Industrial Bank of Japan, Ltd.

Foreign

Bank of America, National Trust & Savings Association
First National City Bank of New York
Chase Manhattan Bank
Hongkong & Shanghai Banking Corporation
The Chartered Bank
The Mercantile Bank, Ltd.
National Handels-bank N.V.
Nederlandsche Handel-Maatschappij N.V.
Banque de l'Indochine
Bank of China
Bank of India, Ltd.
Bank of Korea
American Express Company, Inc. (Banks)
Bangkok Bank, Ltd.
Overseas Union Bank

The Ministry of Agriculture and Forestry (MAF) becomes involved in import control in that it has responsibility for licensing and for the specific programs under AIQ as it relates to agricultural commodities.

For agricultural products under AIQ, MITI still issues licenses and handles details as with other types of imports, but establishes the programs according to the recommendations of MAF. Once an item is changed from AIQ to IQ, Agriculture has no further responsibility for it.

Japanese trading companies[1]

The large trading companies of Japan are probably the most important single factor affecting the export and import trade of Japan. Very few business men in Japan actually handle their own foreign trade, preferring to deal through one of the trading companies as an intermediary.

In the field of foodstuffs, drinks, and tobacco, trading companies are reported to handle about 95 percent of total imports. Frequently these firms are acting as import or export brokers for others, but they also handle a considerable volume of goods for their own accounts and are probably as completely integrated vertically as any business concerns in the world.

One of the important factors influencing the reforming of these large cartels or trading companies after they were broken up immediately after the war has been their ability and interest in handling the financing of foreign trade for those firms which could not handle or arrange their own. Certain methods of operating are peculiar to trading companies, and these should be understood by anyone planning to deal with one.

Big trading companies can recruit the cream of the university graduates and with international trade becoming more and more technical they are hiring, and training, more and more specialists. The wide range of products handled has resulted in a tendency to give more independence to section chiefs and division heads within particular departments. The hierarchy of management within the big trading companies is complex. The president and chairman of the board are usually not actively engaged in the company's day-to-day trading operations, which are the responsibility of the managing director and, in large companies, there may be 20 men with this title. Usually only a few are involved in the import section, and the real point of contact for the foreign exporter is the department head or section chief. Specialized sections usually have excellent and up-to-date market information, plus an idea of competitive products, imported or domestic.

Trading companies are becoming more and more interested in foreign activities, and in licensing arrangements, plant construction or other industrial development on joint accounts just as much as in sales contracts and exclusive representation. In sales agency work, many trading companies are interested in becoming agencies for firms in Southeast Asia or at least significant territories in Asia, in addition to those in Japan.

Long-range outlook

The outlook for Japan as a market for fruit generally is excellent over the long run, assuming that the current import restrictions will be liberalized. Its growth into a real volume outlet, however, will be selective as to commodities.

For fresh deciduous fruit, sales will continue to grow for soft fruits—grapes and plums for example—but are not likely to be significant for apples or pears. U.S. shipments of grapefruit and lemons, particularly lemons, will probably show considerable growth but not those of oranges.

Canned fruit exports to Japan will continue to go up, specifically fruit cocktail, peaches, and pineapple.

Raisin exports will show further growth, but it will not be as spectacular as in the past few years. A market for prunes will also probably be developed but the outlook for cut dried fruits is not optimistic.

Generally, long-range sales opportunities are excellent for those fruits and fruit products which Japan either cannot produce in sufficient volume to meet domestic demand, or which cost so much to produce that the imported product can compete. Items of which Japan is already a large producer, such as apples or oranges, are not likely to be imported in any quantity. Nor would new or unfamiliar items, which tend to replace well-known items in the Japanese market, show increased imports—cut dried fruits, for example.

For the immediate future, the outlook is clouded somewhat by the uncertainty as to what sort of import control changes the Japanese may make, since most fruit commodities are subject to some type of quota restriction or prohibited entirely.

Although most existing quotas will not be removed completely, officials of the Japanese government have stated that they will gradually be increased, that the increase will be as large as is economically feasible, and that it will start in 1964. These increases are to be applied to a variety of products so that no individual commodity will receive any particularly large percentage increase. Commodities under specific individual allocations are in much better position from this standpoint. However, since they also stand out more in the public eye, increases are likely to initiate more objections from the Japanese producer and seller.

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[1] Based on an article by D. A. Hilton, Assistant Commercial Secretary Canadian Embassy, Tokyo, in the March 21, 1964 issue of "Foreign Trade", published by the Canadian Department of Trade and Commerce, Ottawa, Canada. This article provides much more information and detail, including a list of the more important trading companies.

Appendix

The export standards enforced by the Japan Canned Food Inspection Association for all canned foods being exported from Japan establish specific quality minimums. This action indicates an awareness of the growing quality consciousness in world markets, in that packs which do not conform to the Standard may not be exported.

Specifications establish standards of content for each can size and each product. For packing in any size not specified, comparative minimums must be met. Syrups for packing fruit are defined as follows: Light—14° to 19° Brix, Heavy—18° to 22° Brix, and Extra Heavy—22° Brix minimum, unless otherwise shown.

All code marks are to be embossed on the can top.

For quartered fruit the code mark "T" is used and for sliced ":". On other packs, code marks "L", "M" and "S" are used as in the following table.

Product	Can size	Minimum drained weight	Minimum net content	Code marks and number of pieces indicated by each		
Mandarin oranges, in syrup: [1]		*Grams*	*Grams*	*L*	*M*	*S*
Excluding broken	#10 tall	1,880	3,120	180-400	401-600	—
	# 2 tall	520	851	55-110	111-160	161-240
	# 4 tall	280	455	25- 60	61- 90	91-130
	# 5 tall	190	312	18- 40	41- 60	61- 90
	# 7 tall	185	300	18- 40	41- 60	61- 90
	# 7 fruit	150	241	—	—	60- 90
Broken (Syrup shall be at least 16° Brix. Segment shall not be less than one-half of whole.)	# 2 tall	520	851			
	# 4 tall	280	455			
	# 5 tall	190	312			
	# 7 fruit	150	241			
Peaches, in heavy or extra heavy syrup: [2]						
Halved	# 2 tall	500	851	Max 8	9- 12	13- 16
	# 4 tall	250	425	Max 4	5- 6	7- 9
	#10 tall	1,750	3,050	Max 30	31- 45	46- 60
Quartered	# 4 tall	250	455			
	# 5 tall	190	312			
	# 7 fruit	150	241			
Sliced	# 4 tall	250	425			
	# 5 tall	190	312			
	# 7 fruit	150	241			
Whole	# 2 tall	500	851		5	6- 7
	#10 tall	1,700	3,120		13- 17	18- 24
Peaches, in light syrup: [3]						
Halves	# 2 tall	500	830	Max 8	9- 12	13- 16
	# 4 tall	250	425	Max 4	5- 6	7- 9
	#10 tall	1,750	2,980	Max 30	31- 45	46- 60
Quartered or sliced	# 4 tall	250	425			
	# 5 tall	190	300			
	# 7 fruit	150	235			
Whole	# 2 tall	500	830		5	6- 7
	#10 tall	1,700	2,980		13- 17	18- 24
Pears,[4] in heavy or extra heavy syrup:						
Halves	# 2 tall	500	851	Max 7	8- 11	12- 16
	# 4 tall	250	425	—	4- 5	6- 8
Quartered	# 4 tall	250	425	For #4 can, contents shall be 6- 8.		
	# 5 tall	190	312			
	# 7 fruit	150	241			
Sliced	# 4 tall	250	425			
	# 5 tall	190	312			
	# 7 fruit	150	241			
Whole	# 2 tall	500	851		5	6- 7
	#10 tall	1,700	3,120		13- 17	18- 24
Pears, in light syrup:						
Halved	# 2 tall	500	830	Max 7	8- 11	12- 16
	# 4 tall	250	425	—	4- 5	6- 8
Quartered or sliced	# 4 tall	250	425			
	# 5 tall	190	300			
	# 7 fruit	150	235			
Whole	# 2 tall	500	830		5	6- 7
	#10 tall	1,700	2,980		13- 17	18- 24

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[1] Minimum density of syrup shall be 17° Brix. [2] Extra heavy syrup minimum density shall be 24° Brix; heavy 19° to 24° Brix. [3] Density of light syrup shall be 14° to 19° Brix. [4] Specifications are identical for Japanese type pears and for other pears.

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